

Chris T. Antoniou
Senior Interconnection Counsel



1320 North Court House Road
8th Floor
Arlington, Virginia 22201

Phone: 703-974-4857
Fax: 703-974-0665
Email: Chnstos.T.Antoniou@verizon.com

September 11, 2000

Michael L. Shor, Esq.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007-5116

**Re: Focal Communications Corporation of Pennsylvania's Adoption of
the Terms of the Interconnection Agreement Between Global NAPS, Inc.
and Verizon Vermont Inc. Pursuant to the BA/GTE Merger Conditions**

Dear Mr. Shor:

I am responding to your letter to Jeffrey Masoner, dated August 23, 2000, on behalf of Focal Communications Corporation of Pennsylvania ("Focal").

In that letter, you stated that Focal wishes to adopt, in the service territory of Verizon Delaware Inc., f/k/a Bell Atlantic-Delaware, Inc. ("Verizon Delaware"), pursuant to the BA/GTE Merger Conditions (the "Merger Conditions"), the terms of the interconnection agreement between Global NAPS, Inc. ("GNAPS") and Verizon New England Inc., f/k/a Bell Atlantic - Vermont ("Verizon Vermont"), that was approved by the Vermont Commission as an effective agreement in the State of Vermont, as such agreement exists on the date hereof after giving effect to operation of law (the "Terms"). I understand that Focal has a copy of the Terms which, in any case, are attached as Appendix 1 hereto. Except as noted below with respect to Vermont state-specific pricing provisions and with respect to the reciprocal compensation provisions (at section 5.7.2) of the GNAPS Vermont agreement (which are also excluded as state-specific pricing provisions), Verizon Delaware does not oppose your adoption of the Terms at this time. However, please note the following with respect to Focal's adoption of the Terms.

1. By Focal's countersignature on this letter, Focal hereby represents and commits to the following three points:

(A) Focal adopts in the service territory of Verizon Delaware the Terms of the GNAPS Vermont agreement with Verizon Vermont, and in applying the Terms, agrees that Focal shall be substituted in place of GNAPS in the Terms wherever appropriate.

(B) Focal requests that notice to Focal as may be required or permitted under the Terms shall be provided as follows:

To : Focal Communications Corporation of Pennsylvania
Attn: Director – Regulatory Affairs
200 N. LaSalle Street, Suite 1100
Chicago, Illinois 60601
Facsimile: (312) 895-8403
Phone: (312) 895-8400

(C) Focal represents and warrants that it is a certified provider of local telecommunications service in the State of Delaware, and that its adoption of the Terms will only cover services in the service territory of Verizon Delaware in the State of Delaware.

2. Focal's adoption of the GNAPs Vermont agreement Terms shall become effective upon the date that Verizon Delaware files this letter with the Delaware Commission (which Verizon Delaware will promptly do upon my receipt of a copy of this letter, countersigned by Focal as to points (A), (B) and (C) of paragraph 1 above) and remain in effect no longer than the date the GNAPs Vermont agreement Terms are terminated or expire. The GNAPs Vermont agreement is currently scheduled to expire on October 31, 2001.

3. As the Terms are being adopted by you pursuant to the Merger Conditions, Verizon Delaware does not provide the Terms to you as either a voluntary or negotiated agreement. The filing and performance by Verizon Delaware of the Terms does not in any way constitute a waiver by Verizon Delaware of any position as to the Terms or a portion thereof. Nor does it constitute a waiver by Verizon Delaware of any rights and remedies it may have to seek review of the Terms, or to seek review of any provisions included in these Terms as a result of Focal's election pursuant to the Merger Conditions.

4. Focal's adoption of the Terms pursuant to the Merger Conditions is subject to all of the provisions of such Merger Conditions. For example, state-specific pricing and state-specific performance measures from the GNAPs Vermont agreement shall not apply to Focal's adoption of the Terms in Delaware. In that regard, Verizon Delaware's standard pricing schedule for interconnection agreements (as such schedule may be amended from time to time) (attached as Appendix 2 hereto) shall apply to Focal's adoption of the Terms.

In addition, the Merger Conditions' MFN obligation on which Focal relies extends only to interconnection arrangements, UNEs, or provisions of an interconnection agreement that are "subject to 47 U.S.C. § 251(c)" As you know, the obligation of local exchange carriers to pay one another reciprocal compensation for local traffic is found not in Section 251(c), but in Section 251(b), of the Act. On its face, therefore, the Merger Conditions' provision on which Focal relies does not extend to the reciprocal compensation provisions of Verizon's interconnection agreements.

Even if this provision of the Merger Conditions were to be misconstrued as encompassing not only items subject to Section 251(c), but also items subject to Section 251(b), it would still not obligate Verizon to permit the cross-state adoption of compensation terms pertaining to Internet traffic. The FCC's February 1999 order expressly found that Internet traffic is not local. Accordingly, even if the GNAPS Vermont agreement were mistakenly construed as a voluntary commitment to pay compensation on Internet traffic, that commitment would be entirely outside the scope of the requirements of Section 251, and therefore not subject to the cross-state MFN provisions of the Merger Conditions.

Furthermore, and as discussed in more detail in paragraph 7 below, section 5.7.2.3 of the GNAPs Vermont agreement (which deals with Internet traffic) would not in any case be subject to the cross-state MFN provisions of the Merger Conditions, since it is a state-specific pricing arrangement and, in addition, by its own terms, does not provide for payment of reciprocal compensation on Internet traffic, given the FCC's February 1999 order expressly finding that Internet traffic is not local.

In addition, Focal's adoption of the GNAPs Vermont agreement Terms shall not obligate Verizon Delaware to provide any interconnection arrangement or unbundled network element unless it is feasible to provide given the technical, network and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the State of Delaware and with applicable collective bargaining agreements.

5. On January 25, 1999, the Supreme Court of the United States issued its decision on the appeals of the Eighth Circuit's decision in *Iowa Utilities Board*. The Supreme Court modified several of the FCC's and the Eighth Circuit's rulings regarding unbundled network elements and pricing requirements under the Act. *AT&T Corp. v. Iowa Utilities Board*, 119 S. Ct. 721 (1999). Certain provisions of the Terms may be void or unenforceable as a result of the Supreme Court's decision of January 25, 1999, the United States Eighth Circuit Court of Appeals' recent decision in Docket No. 96-3321 regarding the FCC's pricing rules, and the current appeal before the U.S. Supreme Court regarding the FCC's new UNE rules. Moreover, nothing herein shall be construed as or is intended to be a concession or admission by Verizon Delaware that any provision in the Terms complies with the rights and duties imposed by the Act, the decisions of the FCC and the Commissions, the decisions of the courts, or other law, and Verizon Delaware expressly reserves its full right to assert and pursue claims arising from or related to the Terms.

6. Verizon Delaware reserves the right to deny Focal's adoption and/or application of the Terms, in whole or in part, at any time:

- (A) when the costs of providing the Terms to Focal are greater than the costs of providing them to GNAPs;
- (B) if the provision of the Terms to Focal is not technically feasible; and/or

(C) if Verizon Delaware otherwise is not obligated to permit such adoption and/or application under the Merger Conditions or under applicable law.

7. As noted above in paragraph 6, pursuant to Rule 809 of the FCC Regulations, the FCC gave ILECs the ability to deny 252(i) adoptions (and adoptions pursuant to the Merger Conditions, since the 252(i) rules also apply thereto) in those instances in which the cost of providing the service to the requesting carrier is higher than that incurred in serving the initial carrier or in which there is a technical incompatibility issue. The issue of reciprocal compensation for traffic destined for the Internet falls within this exception. Verizon Delaware never intended for Internet traffic to be included within the definition of local traffic and subject to the corresponding obligation of reciprocal compensation. Despite the foregoing, some forums have required reciprocal compensation to be paid. This produces the situation in which the cost of providing the service is not cost based. With this in mind, Verizon Delaware opposes, and reserves the right to deny, the adoption and/or the application of the provisions of the Terms (e.g., section 5.7.2.3 of the GNAPS Vermont agreement) that might be interpreted to characterize traffic destined for the Internet as local traffic or requiring the payment of reciprocal compensation.

If, notwithstanding the foregoing, as well as the pricing provision exclusion set forth in the Merger Conditions and the exclusions described in paragraph 4 above, Focal nonetheless believes that the GNAPs Vermont agreement somehow provides reciprocal compensation for ISP-bound traffic, it should note that, pursuant to section 5.7.2.3 of that agreement, Verizon Vermont would not be obligated to pay reciprocal compensation for that traffic. The GNAPs Vermont agreement is essentially a clone of an agreement between GNAPs and Verizon New York Inc., doing business as Verizon New York, successor in interest to New York Telephone Company, formerly doing business as Bell Atlantic – New York, for the state of New York. In the New York agreement, GNAPs and Verizon New York negotiated the following terms with respect to Internet traffic:

5.7.2.3. The Parties stipulate that they disagree as to whether traffic that originates on one Party's network and is transmitted to an Internet Service Provider ("ISP") connected to the other Party's network ("ISP Traffic") constitutes Local Traffic as defined herein, and the charges to be assessed in connection with such traffic. The issue of whether such traffic constitutes Local Traffic on which reciprocal compensation must [sic] be paid pursuant to the 1996 Act is presently before the FCC in CCB/CPD 97-30 and may be before a court of competent jurisdiction. The Parties agree that the decision of the FCC in that proceeding, or as [sic] such court, shall determine whether such traffic is Local Traffic (as defined herein) and the charges to be assessed in connection with ISP Traffic. If the FCC or such court determines that ISP Traffic is Local Traffic, as defined herein, or otherwise determines that ISP Traffic is subject to reciprocal compensation, it shall be compensated as Local Traffic under this Agreement unless another compensation scheme is required under such FCC or court determination. Until resolution of this issue, BA agrees to pay GNAPS Reciprocal Compensation for ISP traffic (without conceding that ISP Traffic

constitutes Local Traffic or precluding BA's ability to seek appropriate court review of this issue) pursuant to the [New York Public Service] Commission's Order in Case 97-C-1275, dated March 19, 1998, as such Order may be modified, changed or reversed.

The same section 5.7.2.3 was copied into the GNAPs Vermont agreement.


At the time the New York and Vermont agreements were signed, GNAPs and Verizon Vermont were awaiting the FCC's decision in CCB/CPD 97-30 on the Internet traffic issue. As is clear from section 5.7.2.3, the parties intended that Verizon Vermont would be unconditionally obligated to pay reciprocal compensation on Internet traffic only if the FCC (or a court of competent jurisdiction) were to determine that Internet traffic is local traffic. As you know, the FCC subsequently decided to the contrary, finding that Internet traffic is not local, but interstate and interexchange. Therefore, the conditional event in the GNAPs agreements has occurred, with the result that Focal, in adopting the GNAPs Vermont agreement Terms, is precluded from receiving reciprocal compensation on Internet traffic on this basis alone, as well as on the other bases described in this letter.

8. Should Focal attempt to apply the Terms in a manner that conflicts with paragraphs 3-7 above, Verizon Delaware reserves its rights to seek appropriate legal and/or equitable relief.

Please arrange for a duly authorized representative of Focal to sign this letter in the space provided below and return it to the undersigned.

Sincerely,

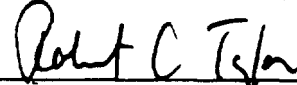
Verizon Delaware Inc.



Chris T. Antoniou
Senior Interconnection Counsel

Reviewed and countersigned as to points A, B, and C of paragraph 1:

Focal Communications Corporation of Pennsylvania



By Robert C. Taylor
Title Chief Executive Officer

Attachments

Cc (without attachments): Karen J. Nickerson
G. Arthur Padmore

Connie S. McDowell
Jeffrey A. Masoner
Julia Conover

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FAX (202) 424-7645
WWW.SWIDLAW.COM

MICHAEL L. SHOR
DIRECT DIAL (202) 424-7775
MLSHOR@SWIDLAW.COM

NEW YORK OFFICE
THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NY 10174
(212) 973-0111 FAX (212) 891-9595

September 27, 2000

VIA OVERNIGHT MAIL

Chris T. Antoniou
Senior Interconnection Counsel
Verizon Services Corp.
1320 North Court house Road
8th Floor
Arlington, VA 22201

Re: Focal Communications Corporation of Pennsylvania's Adoption of the
Interconnection Agreement Between Bell Atlantic-Vermont and Global NAPS,
Inc. Pursuant to Paragraph 32 of the BA/GTE Merger Conditions

Dear Mr. Antoniou:

On August 23, 2000, Focal Communications Corporation of Pennsylvania ("Focal") notified Verizon Delaware Inc., f/k/a Bell Atlantic-Delaware, Inc., ("Verizon") that it elected, pursuant to the Memorandum Opinion and Order of the Federal Communications Commission in CC Docket No. 98-184, at ¶ 305 and Appendix D ¶ 32 (rel. June 16, 2000) ("BA/GTE Merger Conditions"), to adopt in the State of Delaware the negotiated interconnection agreement between Bell Atlantic - Vermont and Global NAPS ("GNAPS") effective as of November 1, 1998, as approved by the Vermont Public Service Board in Docket No. 6151 (the "Agreement"). I am enclosing herewith the adoption letter you sent on September 11, 2000 (the "Adoption Letter") that responded to Focal's August 23, 2000 notification which has been executed by Focal.

Focal has signed the Adoption Letter prepared by Verizon to signify that it agrees *only* with respect to points 1(A), 1(B), and 1(C) on pages 1 and 2 of the letter. Focal understands the balance of the Adoption Letter to be simply a statement of Verizon's position on various issues. Focal does not agree with, and is not bound by, Verizon's statement of position, although Focal does agree that neither party shall be deemed to have waived any rights by signing the Adoption Letter. However, Focal does take specific exception to your statement in paragraph 2 that the Agreement is effective on filing. Focal submits that, since this is an adoption of a previously approved agreement, it should be effective as of the date it was requested, *i.e.*, August 23, 2000, not the date of filing with the Delaware Public Service Commission ("Commission").

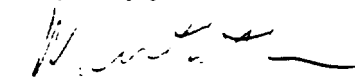
Chris T. Antoniou, Esq.
September 27, 2000
Page 2

Focal's execution of the Adoption Letter shall not be construed as, nor is it intended to be, a concession, waiver, stipulation, admission, or other evidence that any provision of the Agreement complies with the rights and duties imposed by the Act, decisions and orders of the FCC, decisions and orders of the Commission, the decisions of federal or state courts, or other applicable law. Focal expressly reserves its full right to assert and to pursue any claims, in any forum of competent jurisdiction, including but not limited to those arising from or related to the Agreement, the Act, and FCC or Commission orders and rules.

Since it is Verizon's intention to file the Adoption Letter along with the Agreement itself with the Commission, Focal requests that Verizon attach this letter to the filing as well. In addition, please instruct the Verizon attorneys who are responsible for filing the Adoption Letter and the Agreement with the Commission to identify me as Focal's counsel of record in the filing. Of course, I will appreciate a courtesy copy of all filings associated with the Adoption Letter and the Agreement.

Thank you in advance for your cooperation and assistance in this matter.

Very truly yours,



Michael L. Shor

Counsel for Focal Communications Corporation of
Pennsylvania

Enclosure

cc: Karen J. Nickerson
G. Arthur Padmore
Connie S. McDowell
Jeffery Masoner
Julia Conover
Richard Metzger
Jane Van Duzer
Russell M. Blau
Philip J. Macres

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FACSIMILE (202) 424-7645

MICHAEL L. SHOR
DIRECT DIAL (202) 424-7775
MLSHOR@SWIDLAW.COM

NEW YORK OFFICE
405 LEXINGTON AVENUE
NEW YORK, NY 10174

July 17, 2000

VIA FAX (703-974-0314) AND OVERNIGHT DELIVERY

Mr. Jeffrey Masoner
Vice-President, Interconnection Services
Policy & Planning
Bell Atlantic Wholesale Market
1320 N. Courthouse Road, 2nd Floor
Arlington, VA 22201

Re: Notice to Bell Atlantic - Washington, D.C., Inc. of Focal Communications Corporation of the Mid-Atlantic's Adoption of the Interconnection Agreement Between Bell Atlantic-Vermont and Global NAPS, Inc. Pursuant to Paragraph 32 of the BA/GTE Merger Conditions

Dear Mr. Masoner:

Focal Communications Corporation of the Mid-Atlantic ("Focal") hereby notifies Bell Atlantic - Washington, D.C., Inc. ("BA-DC") that it will adopt in the District of Columbia, pursuant to the Memorandum Opinion and Order of the Federal Communications Commission in CC Docket No. 98-184, at ¶ 305 and Appendix D ¶ 32 (rel. June 16, 2000) ("BA/GTE Merger Conditions"), the negotiated interconnection agreement between Bell Atlantic - Vermont and Global NAPS ("GNAPS") effective as of November 1, 1998, as approved by the Vermont Public Service Board in Docket No. 6151 (the "Agreement").

A completed Information Request Form is enclosed and two completed Opt-In Agreements, which are being executed by a duly authorized representative at Focal, will be hand delivered to you tomorrow. Upon receipt of these Opt-In Agreements, please have a duly authorized representative of BA-DC execute them in the spaces designated on the signature pages and return one fully executed original to my attention at the above address.

Mr. Jeffrey Masoner
July 17, 2000
Page Two

Thank you in advance for your prompt attention to this matter. Should you have any questions regarding this request, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Shor by [initials]".

Michael L. Shor
Counsel for Focal Communications Corporation
of the Mid-Atlantic

Enc: Information Request Form

cc: John Walker
David Hill
Richard Metzger
David Tatak
Jane Van Duzer
Ky E. Kirby
Russell M. Blau
Philip J. Macres



Chris T. Antoniou
Senior Interconnection Counsel



1320 North Court House Road
8th Floor
Arlington, Virginia 22201

Phone: 703-974-4857
Fax: 703-974-0665
Email: Chnstos.T.Antoniou@verizon.com

September 11, 2000

Michael L. Shor, Esq.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007-5116

Re: Focal Communications Corporation of the Mid-Atlantic's
Adoption of the Terms of the Interconnection Agreement
Between Global NAPS, Inc. and Verizon Vermont Inc.
Pursuant to the BA/GTE Merger Conditions

Dear Mr. Shor:

I am responding to your letter to Jeffrey Masoner, dated July 18, 2000, on behalf of Focal Communications Corporation of The Mid-Atlantic ("Focal").¹

In that letter, you stated that Focal wishes to adopt, in the service territory of Verizon Washington, D.C. Inc., f/k/a Bell Atlantic-Washington, D.C., Inc. ("Verizon Washington, D.C."), pursuant to the BA/GTE Merger Conditions (the "Merger Conditions"), the terms of the interconnection agreement between Global NAPS, Inc. ("GNAPs") and Verizon New England Inc., f/k/a Bell Atlantic - Vermont ("Verizon Vermont"), that was approved by the Vermont Commission as an effective agreement in the State of Vermont, as such agreement exists on the date hereof after giving effect to operation of law (the "Terms"). I understand that Focal has a copy of the Terms which, in any case, are attached as Appendix 1 hereto. Except as noted below with respect to Vermont state-specific pricing provisions and with respect to the reciprocal compensation provisions (at section 5.7.2) of the GNAPs Vermont agreement (which are also excluded as state-specific pricing provisions), Verizon Washington, D.C. does not oppose Focal's adoption of the Terms at this time. However, please note the following with respect to Focal's adoption of the Terms.

1. By Focal's countersignature on this letter, Focal hereby represents and commits to the following three points:

(A) Focal adopts in the service territory of Verizon Washington, D.C. the Terms of the GNAPs Vermont agreement with Verizon Vermont, and in applying the Terms,

¹ This letter is further to recent discussions and correspondence between the parties about the subject matter hereof.

agrees that Focal shall be substituted in place of GNAPs in the Terms wherever appropriate.

(B) Focal requests that notice to Focal as may be required or permitted under the Terms shall be provided as follows:

To : Focal Communications Corporation of The Mid-Atlantic
Attn: Director – Regulatory Affairs
200 N. LaSalle Street, Suite 1100
Chicago, Illinois 60601
Facsimile: (312) 895-8403
Phone: (312) 895-8400

(C) Focal represents and warrants that it is a certified provider of local telecommunications service in the District of Columbia, and that its adoption of the Terms will only cover services in the service territory of Verizon Washington, D.C. in the District of Columbia.

2. Focal's adoption of the GNAPs Vermont agreement Terms shall become effective upon the date that Verizon Washington, D.C. files this letter with the District of Columbia Commission (which Verizon Washington, D.C. will promptly do upon my receipt of a copy of this letter, countersigned by Focal as to points (A), (B) and (C) of paragraph 1 above) and remain in effect no longer than the date the GNAPs Vermont agreement Terms are terminated or expire. The GNAPs Vermont agreement is currently scheduled to expire on October 31, 2001.

3. As the Terms are being adopted by you pursuant to the Merger Conditions, Verizon Washington, D.C. does not provide the Terms to you as either a voluntary or negotiated agreement. The filing and performance by Verizon Washington, D.C. of the Terms does not in any way constitute a waiver by Verizon Washington, D.C. of any position as to the Terms or a portion thereof. Nor does it constitute a waiver by Verizon Washington, D.C. of any rights and remedies it may have to seek review of the Terms, or to seek review of any provisions included in these Terms as a result of Focal's election pursuant to the Merger Conditions.

4. Focal's adoption of the Terms pursuant to the Merger Conditions is subject to all of the provisions of such Merger Conditions. For example, state-specific pricing (as further described below) and state-specific performance measures from the GNAPs Vermont agreement shall not apply to Focal's adoption of the Terms in the District of Columbia. In that regard, Verizon Washington, D.C.'s standard pricing schedule for interconnection agreements (as such schedule may be amended from time to time) (attached as Appendix 2 hereto) shall apply to Focal's adoption of the Terms.

Under the terms of paragraph 32 of the Merger Conditions, the MFN requirements in the Merger Conditions are exclusive of price terms, and prices applicable to interconnection arrangements are to be established on a state-specific basis. In addition, paragraph 32 of

the Merger Conditions³ provides that Verizon is not obligated to permit a carrier to adopt any interconnection arrangement unless the arrangement "is consistent with the laws and regulatory requirements of the state for which the request is made[.]" Thus, by Focal's adoption of the GNAPs Vermont agreement for Washington, D.C., Focal must accept the pricing terms provided by the D.C. Commission, and it will not be entitled to terms and arrangements inconsistent with D.C. law and policy.

In the Bell Atlantic-Washington, D.C./Teleport arbitration, the D.C. Commission declared "bill and keep" to be the mandatory method of reciprocal compensation unless the carrier seeking another form of compensation shows (1) that traffic imbalances exist between itself and the originating carrier, and (2) that it incurs "additional material costs associated with providing transport and termination for which it is not adequately compensated under a 'bill and keep' arrangement."² The D.C. Commission's determination was based on D.C. Code section 42-1452(h)(1), which provides that LECs "shall financially compensate each other for this service [termination of local exchange service calls] if the PSC determines that a traffic imbalance exists."³ In that same order, the D.C. Commission refused to adopt contingent rates for transport and termination in the case of an imbalance.⁴ Subsequently, while allowing carriers to negotiate compensation arrangements other than "bill and keep," the D.C. Commission affirmed its position that "bill and keep" otherwise is mandatory.⁵ Obviously, the D.C. Commission has not made findings concerning traffic imbalance and material costs with respect to Focal, and Verizon Washington D.C. and Focal have not negotiated an alternative arrangement to "bill and keep." Accordingly, the applicable pricing term for reciprocal compensation is "bill and keep".

In addition, the Merger Conditions' MFN obligation on which Focal relies extends only to interconnection arrangements, UNEs, or provisions of an interconnection agreement that are "subject to 47 U.S.C. § 251(c)" As you know, the obligation of local exchange carriers to pay one another reciprocal compensation for local traffic is found not in Section 251(c), but in Section 251(b), of the Act. On its face, therefore, the Merger Conditions' provision on which Focal relies does not extend to the reciprocal compensation provisions of Verizon's interconnection agreements.

Even if this provision of the Merger Conditions were to be misconstrued as encompassing not only items subject to Section 251(c), but also items subject to Section 251(b), it would still not obligate Verizon to permit the cross-state adoption of

² Order No. 5 (dated November 8, 1996), Arbitration Decision of the Public Service Commission of the District of Columbia, Telecommunications Arbitration Case 6 - In the Matter of Consolidated Issues Raised in Petitions for Arbitration Pending before the Public Service Commission, at 47.

³ *Id.*

⁴ *Id.* at 49.

⁵ Order No. 10964 (dated March 31, 1997) and Order No. 10979 (dated May 9, 1997), *In the Matter of the Application of Bell Atlantic-Washington, D.C., Inc. and Teleport Communications, Washington, D.C., Inc. for Approval of an Arbitrated Agreement Under Section 252(e) of the Telecommunications Act of 1996*, formal case no. 964B.

7. As noted above in paragraph 6, pursuant to Rule 809 of the FCC Regulations, the FCC gave ILECs the ability to deny 252(i) adoptions (and adoptions pursuant to the Merger Conditions, since the 252(i) rules also apply thereto) in those instances in which the cost of providing the service to the requesting carrier is higher than that incurred in serving the initial carrier or in which there is a technical incompatibility issue. The issue of reciprocal compensation for traffic destined for the Internet falls within this exception. Verizon Washington, D.C. never intended for Internet traffic to be included within the definition of local traffic and subject to the corresponding obligation of reciprocal compensation. Despite the foregoing, some forums have required reciprocal compensation to be paid. This produces the situation in which the cost of providing the service is not cost based. With this in mind, Verizon Washington, D.C. opposes, and reserves the right to deny, the adoption and/or the application of the provisions of the Terms (e.g., section 5.7.2.3 of the GNAPS Vermont agreement) that might be interpreted to characterize traffic destined for the Internet as local traffic or requiring the payment of reciprocal compensation.

If, notwithstanding the foregoing, as well as the pricing provision exclusion set forth in the Merger Conditions and the exclusions described in paragraph 4 above, Focal nonetheless believes that the GNAPS Vermont agreement somehow provides reciprocal compensation for ISP-bound traffic, it should note that, pursuant to section 5.7.2.3 of that agreement, Verizon Vermont would not be obligated to pay reciprocal compensation for that traffic. The GNAPS Vermont agreement is essentially a clone of an agreement between GNAPS and Verizon New York Inc., doing business as Verizon New York, successor in interest to New York Telephone Company, formerly doing business as Bell Atlantic – New York, for the state of New York. In the New York agreement, GNAPS and Verizon New York negotiated the following terms with respect to Internet traffic:

5.7.2.3. The Parties stipulate that they disagree as to whether traffic that originates on one Party's network and is transmitted to an Internet Service Provider ("ISP") connected to the other Party's network ("ISP Traffic") constitutes Local Traffic as defined herein, and the charges to be assessed in connection with such traffic. The issue of whether such traffic constitutes Local Traffic on which reciprocal compensation must [sic] be paid pursuant to the 1996 Act is presently before the FCC in CCB/CPD 97-30 and may be before a court of competent jurisdiction. The Parties agree that the decision of the FCC in that proceeding, or as [sic] such court, shall determine whether such traffic is Local Traffic (as defined herein) and the charges to be assessed in connection with ISP Traffic. If the FCC or such court determines that ISP Traffic is Local Traffic, as defined herein, or otherwise determines that ISP Traffic is subject to reciprocal compensation, it shall be compensated as Local Traffic under this Agreement unless another compensation scheme is required under such FCC or court determination. Until resolution of this issue, BA agrees to pay GNAPS Reciprocal Compensation for ISP traffic (without conceding that ISP Traffic constitutes Local Traffic or precluding BA's ability to seek appropriate court review of this issue) pursuant to the [New York Public Service] Commission's

Order in Case 97-C-1275, dated March 19, 1998, as such Order may be modified, changed or reversed.

The same section 5.7.2.3 was copied into the GNAPs Vermont agreement.

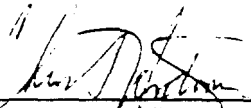
At the time the New York and Vermont agreements were signed, GNAPs and Verizon Vermont were awaiting the FCC's decision in CCB/CPD 97-30 on the Internet traffic issue. As is clear from section 5.7.2.3, the parties intended that Verizon Vermont would be unconditionally obligated to pay reciprocal compensation on Internet traffic only if the FCC (or a court of competent jurisdiction) were to determine that Internet traffic is local traffic. As you know, the FCC subsequently decided to the contrary, finding that Internet traffic is not local, but interstate and interexchange. Therefore, the conditional event in the GNAPs agreements has occurred, with the result that Focal, in adopting the GNAPs Vermont agreement Terms, is precluded from receiving reciprocal compensation on Internet traffic on this basis alone, as well as on the other bases described in this letter.

8. Should Focal attempt to apply the Terms in a manner that conflicts with paragraphs 3-7 above, Verizon Washington, D.C. reserves its rights to seek appropriate legal and/or equitable relief.

Please arrange for a duly authorized representative of Focal to sign this letter in the space provided below and return it to the undersigned.

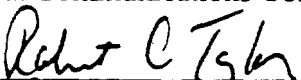
Sincerely,

Verizon Washington, D.C. Inc.


Chris T. Antoniou
Senior Interconnection Counsel

Reviewed and countersigned as to points A, B, and C of paragraph 1:

Focal Communications Corporation of The Mid-Atlantic


By Robert C. Taylor
Title Chief Executive Officer

Attachments

Cc (w/out attachments): Jesse P. Clay
Elizabeth A. Noel
Jeffrey A. Masoner
David A. Hill

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FAX (202) 424-7645
WWW.SWIDLAW.COM

MICHAEL L. SHOR
DIRECT DIAL (202) 424-7775
MLSHOR@SWIDLAW.COM

NEW YORK OFFICE
THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NY 10174
(212) 973-0111 FAX (212) 891-9598

September 27, 2000

VIA OVERNIGHT MAIL

Chris T. Antoniou
Senior Interconnection Counsel
Verizon Services Corp.
1320 North Court house Road
8th Floor
Arlington, VA 22201

Re: Focal Communications Corporation of the Mid-Atlantic's Adoption of the
Interconnection Agreement Between Bell Atlantic-Vermont and Global NAPS,
Inc. Pursuant to Paragraph 32 of the BA/GTE Merger Conditions

Dear Mr. Antoniou:

On July 17, 2000, Focal Communications Corporation of the Mid-Atlantic ("Focal") notified Verizon Washington, D.C., Inc., f/k/a Bell Atlantic-Washington, D.C., Inc., ("Verizon") that it elected, pursuant to the Memorandum Opinion and Order of the Federal Communications Commission in CC Docket No. 98-184, at ¶ 305 and Appendix D ¶ 32 (rel. June 16, 2000) ("BA/GTE Merger Conditions"), to adopt in the District of Columbia the negotiated interconnection agreement between Bell Atlantic - Vermont and Global NAPS ("GNAPS") effective as of November 1, 1998, as approved by the Vermont Public Service Board in Docket No. 6151 (the "Agreement"). I am enclosing herewith the adoption letter you sent on September 11, 2000 (the "Adoption Letter") that responded to Focal's July 17, 2000 notification which has been executed by Focal.

Focal has signed the Adoption Letter prepared by Verizon to signify that it agrees *only* with respect to points 1(A), 1(B), and 1(C) on pages 1 and 2 of the letter. Focal understands the balance of the Adoption Letter to be simply a statement of Verizon's position on various issues. Focal does not agree with, and is not bound by, Verizon's statement of position, although Focal does agree that neither party shall be deemed to have waived any rights by signing the Adoption Letter. However, Focal does take specific exception to your statement in paragraph 2 that the Agreement is effective on filing. Focal submits that, since this is an adoption of a previously approved agreement, it should be effective as of the date it was requested, *i.e.*, July 17, 2000, not the date of filing with the District of Columbia Public Service Commission ("Commission").

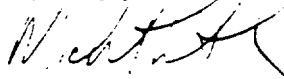
Chris T. Antoniou, Esq.
September 27, 2000
Page 2

Focal's execution of the Adoption Letter shall not be construed as, nor is it intended to be, a concession, waiver, stipulation, admission, or other evidence that any provision of the Agreement complies with the rights and duties imposed by the Act, decisions and orders of the FCC, decisions and orders of the Commission, the decisions of federal or state courts, or other applicable law. Focal expressly reserves its full right to assert and to pursue any claims, in any forum of competent jurisdiction, including but not limited to those arising from or related to the Agreement, the Act, and FCC or Commission orders and rules.

Since it is Verizon's intention to file the Adoption Letter along with the Agreement itself with the Commission, Focal requests that Verizon attach this letter to the filing as well. In addition, please instruct the Verizon attorneys who are responsible for filing the Adoption Letter and the Agreement with the Commission to identify me as Focal's counsel of record in the filing. Of course, I will appreciate a courtesy copy of all filings associated with the Adoption Letter and the Agreement.

Thank you in advance for your cooperation and assistance in this matter.

Very truly yours,



Michael L. Shor

Counsel for Focal Communications Corporation of
the Mid-Atlantic

Enclosure

cc: Jesse P. Clay
Elizabeth A. Noel
Jeffery A. Masoner
David A. Hill
Richard Metzger
Jane Van Duzer
Russell M. Blau
Philip J. Macres



Focal Communications Corporation
200 North LaSalle Street
11th Floor
Chicago, Illinois 60601

312-895-8400
312-895-8403 fax

VIA FACIMILE AND OVERNIGHT DELIVERY

September 12, 2000

Renee L. Ragsdale
Verizon Wholesale Markets - Negotiations
600 Hidden Ridge, HQE03B75
Irving, TX 75038

Re: Request of Focal Communications Corporation of Massachusetts of Adoption of an
Interconnection Agreement Under the Bell Atlantic/GTE Merger Conditions

Dear Ms. Ragsdale:

This letter is to advise you that Focal Communications Corporation of Massachusetts, pursuant to the Memorandum Opinion and Order of the FCC in CC Docket No. 98-184 ("BA/GTE Merger Conditions"), intends to adopt the terms and conditions of the interconnection agreement between Verizon-Vermont and Global NAPs, Inc. for the State of Massachusetts. The interconnection agreement between Verizon-Vermont and Global NAPs, Inc. was approved by the Vermont Commission on January 6, 1999 in Case No. 6151.

Please prepare an appropriate agreement and forward it to my attention as soon as possible. The company name for the agreement is Focal Communications Corporation of Massachusetts ("Focal") a Delaware corporation. Focal's address is:

200 N. LaSalle Street
Suite 1100
Chicago, Illinois 60601

The Notice section should include the above company name and address with attention to Director, Regulatory Affairs with a facsimile number of (312) 895-8403.

Thank you for your assistance and prompt attention to this matter. If you have any questions, I can be reached at 312-895-8250

Sincerely,

A handwritten signature in black ink, appearing to read "David Tatak".

David Tatak
Director - Regulatory Affairs